

Key Bank of New York  
A KeyCorp Bank



Oneonta Office  
Mailcode: NY-31-99-0547  
202 Main Street, P.O. Box 190  
Oneonta, NY 13820-2510

(607) 432-2500  
(800) 662-1220 TDD  
for Hearing Impaired

23 March 1995

RECORDED 19354

APR 10 1995 1:46 PM

Secretary  
Interstate Commerce Commission  
Washington, DC 20423

Dear Sir:

Enclosed herewith is an original and one copy of the document(s) described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is a Security Agreement, a primary document, dated March 23, 1995.

The names and addresses of the parties to the documents are as follows:

Debtor: The New York, Susquehanna and  
Western Railway Corporation  
1 Railroad Avenue  
Cooperstown, NY 13326

Borrower: Delaware Otsego Corporation  
1 Railroad Avenue  
Cooperstown, NY 13326

Secured Party: Key Bank of New York  
201 South Warren Street  
Syracuse, NY

A description of the equipment covered by the document follows:

1958 Pullman Standard, Passenger Coach SOU842  
1958 Pullman Standard, Passenger Coach SOU843

A fee of \$18.00 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to Calvin W. Chase, Vice President, Key Bank of New York, 202 Main Street, P.O. Box 190, Oneonta, NY 13820-2510.

A short summary of the document to appear in the index follows:

The primary document is a Security Agreement among The New York, Susquehanna and Western Railway Corporation and Delaware Otsego Corporation, both having their principal place of business at 1 Railroad Avenue, Cooperstown, NY 13326 and Key Bank of New York, 201 South Warren Street, Syracuse, NY. This document grants to

Key Bank of New York a security interest in two passenger coaches.

Sincerely,

*Calvin W. Chase*

Vice President & Loan Officer



Interstate Commerce Commission  
Washington, D.C. 20423-0001

4/10/95

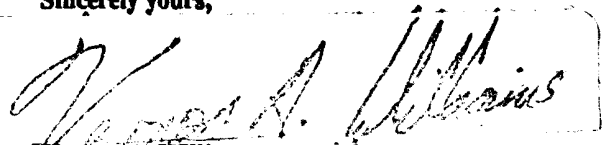
Office Of The Secretary

Calvin W. Chase-Vice President  
Key Bank of New York  
202 Main Street  
P. O. Box 190  
Oneonta, New York 13820-2510

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 4/10/95 at 12:05PM, and assigned recordation number(s). 19354.

Sincerely yours,

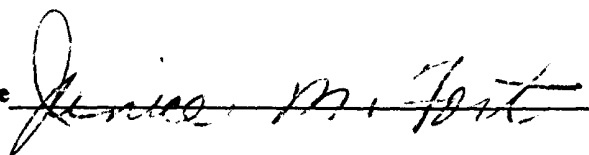
  
Vernon A. Williams  
Secretary

Enclosure(s)

(0100589044)

\$ 21.00 The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid and in no way indicates acknowledgment that the fee paid is correct. This is accepted subject to review of the document which has been assigned the transaction number corresponding to the one typed on this receipt. In the event of an error or any questions concerning this fee, you will receive a notification after the Commission has had an opportunity to examine your document.

Signature



RECORDED 19354  
APR 10 1985 4:00 PM

## SECURITY AGREEMENT

In consideration for financial accommodations previously, now or hereafter granted, Debtor (as hereafter defined) hereby agrees with KEY BANK OF NEW YORK, 201 South Warren Street, Syracuse, New York (referred to herein as the "Bank") as follows:

1. *Parties.*

In this Agreement, the terms hereafter listed shall refer to the party or parties set forth and described after each such term:

(a) "Debtor" (the owner of the Collateral):

The New York, Susquehanna and Western Railway Corporation

(Debtor's Name and Address)

1 Railroad Avenue

Cooperstown NY 13326

(b) "Borrower" (the party whose Indebtedness is being secured hereby):

Delaware Otsego Corporation

(Borrower's Name and Address)

1 Railroad Avenue, Cooperstown NY 13326

(if left blank, Borrower and Debtor shall be deemed to be one and the same).

(c) "Obligor" - Debtor, Borrower, and each guarantor of any part of the Indebtedness.

2. *Security Interest.*

Debtor hereby pledges to and grants the Bank a security interest in the property described in Schedule "A" hereto (as the same may be supplemented or amended hereafter) and any other property of Debtor now or hereafter in the possession or control of the Bank for any purpose, together with all attachments, parts, accessions and repairs now or hereafter affixed thereto, any substitutes for any thereof, any additions thereto, any dividends and distributions and all other rights in connection therewith, and all products and proceeds in whatever form of any such property (hereafter collectively referred to as the "Collateral").

\* (other than deposit accounts)

3. *Indebtedness.*

This security interest secures all indebtedness, obligation and liability of Borrower to the Bank of any kind, direct or contingent, now existing or hereafter arising, including in connection therewith principal, interest, late charges, costs and expenses of every kind, (hereafter collectively referred to as the "Indebtedness").

4. *Debtor's Representations and Warranties.*

Debtor hereby represents and warrants as follows: (a) Debtor is the true and sole owner of the Collateral; (b) the Collateral is free and clear of all liens and encumbrances and there are no financing statements, security agreements, or other similar documents covering any of the Collateral; (c) Debtor has the authority to enter into this Agreement, and (d) the granting of the security interest by this Agreement will not contravene any contract provision or any term of any certificate of incorporation or by-law binding upon the Debtor.

5. *Covenants of Debtor.*

\*\*

(a) Debtor will not sell, offer to sell, grant a security interest in, or permit to exist any other lien or encumbrance upon the Collateral or any interest therein without the written consent of the Bank; (b) Debtor will defend the Collateral against the claims and demands of all other parties; (c) Debtor will keep the Collateral fully insured for all losses (with any loss payable to the Bank) and will furnish the Bank evidence of such insurance. Debtor directs any insurance company to make payment directly to the Bank for any return of unearned premiums and appoints the Bank as attorney-in-fact to endorse any check, draft or order, sign any proof of loss, and compromise any claim with respect to such insurance. All money received from such source will be applied to the indebtedness in such manner as the Bank, in its discretion, chooses; (d) Debtor will pay all taxes, assessments and other charges of every nature which may be imposed, levied or assessed against the Collateral; (e) If Debtor fails to obtain insurance coverage or pay taxes, assessments and other charges as provided herein, Bank may, but is not obligated to, obtain such insurance or make such payments at Debtor's expense. Debtor shall repay such advances, with interest at the most recent rate in effect on any of the indebtedness, and such obligation shall be secured hereby; (f) Debtor authorizes the Bank to file a financing statement covering the Collateral without Debtor's signature pursuant to New York Uniform Commercial Code Section 9-402(2) and to take any other

\*\* Except for liens and security interests granted to M&T Bank and the New Jersey Economic

Development Authority,

action, in its own name or in the name of Debtor, as Debtor's attorney-in-fact, which Bank deems necessary or appropriate to perfect the security interest granted hereby. Debtor agrees to take any action requested by the Bank to perfect and enforce the rights of the Bank granted by this Agreement; (g) Debtor authorizes the Bank to inspect Debtor's books and records pertaining to the Collateral at any reasonable time upon request, and Debtor shall cooperate with Bank in such inspection; (h) If the Bank in its discretion determines that the liquidation value of the Collateral relative to the Indebtedness is inadequate, Debtor will immediately on demand either (x) give Bank additional collateral of a kind and value satisfactory to Bank or (y) make or arrange for such payments upon the Indebtedness as shall be satisfactory to Bank; (i) Debtor on demand shall pay Bank all its expenses (referred to herein as "Collateral Expenses") related to the perfecting, taking, holding, preparing for disposition, and disposing of the Collateral, including reasonable attorney's fees and legal expenses incurred in protecting and enforcing the Bank's rights with respect to the Collateral.

#### 6. Events of Default.

The occurrence of any one of the following shall be deemed an "Event of Default" under this Agreement: (a) default in any payment of principal, interest, or other amount when due with respect to any part of the Indebtedness and, if provided by any note or other writing evidencing such Indebtedness, the continuance of such default for any grace period allowed after the due date; (b) failure of any Obligor to fulfill or perform any term of any instrument or agreement of an Obligor issued to or entered into with the Bank; (c) default ~~XXXXXXXXXX~~ by Debtor or Borrower <sup>UNDER</sup> any obligation for borrowed money owing to any third party ~~XXXX~~ <sup>RESULT IS</sup> ~~XXXXXXXXXX~~ which ~~XXXXXXXXXX~~ in acceleration of payment of any such obligation; (d) a false or incomplete statement in any information submitted to the Bank in connection with any of the Indebtedness; (e) on the date of this Agreement, there is a materially adverse change in any of the information so submitted to the Bank which change shall not have been disclosed to the Bank in writing prior to the date of this Agreement; (f) ~~entry of a judgment against Debtor~~ (g) an attempt to restrain or obtain any Obligor's account balances or property with the Bank; (h) a significant decline in the value of any real or personal property securing payment of any part of the Indebtedness; (i) death, business failure, or dissolution of any Obligor; (j) failure of the Debtor or Borrower to pay debts as they become due; (k) commencement of any bankruptcy, receivership or similar proceeding involving any Obligor as a debtor. <sup>\*\*\*The entry of any judgement or judgements against the Debtor aggregating at any one time in excess of \$10,000 which shall remain unsatisfied, undischarged or unsecured for a period of thirty (30) days of as to which stay of execution shall not have been obtained within thirty (30) days of the entry thereof.</sup>

#### 7. Bank's Rights Following Default.

Upon the occurrence of any Event of Default as defined above, the Bank shall have all the rights and remedies available to a party under the New York Uniform Commercial Code and otherwise available to it by agreement with any Obligor or under the law of New York, including (a) those rights and remedies available under any written instrument or agreement relating to any Indebtedness; (b) without notice, to setoff and apply toward the payment of such of the Indebtedness, and in such order, as the Bank may elect, any balances, credits, deposits, accounts or monies of the Debtor, whether or not the Bank's obligation to pay has matured; (c) to enter upon the premises of the Debtor or any other place where the Collateral may be and take possession of it; (d) to require Debtor to assemble the Collateral and make it available at a place designated by the Bank that is reasonably convenient; (e) to sell, lease, or otherwise dispose of, all or any part of the Collateral at public or private sale; (f) to apply the proceeds from the sale, lease, or other disposition of the Collateral to the payment of all Collateral Expenses, and any balance to the payment of such of the Indebtedness, and in such order, as the Bank may elect. Debtor shall pay any deficiency remaining after such application. If a notice of intended disposition of any of the Collateral is required by law, notice shall be deemed reasonably given if received by the Debtor at least five days prior to such disposition or if mailed to the Debtor at Debtor's last known address at least eight days prior to such disposition.

#### 8. Miscellaneous Provisions.

(a) In addition to all other rights Bank may have, Bank may, either before or after any of the Indebtedness shall become due and payable: ~~(i) transfer all or any part of the Collateral into the name of the Bank or its nominee with or without disclosing that such Collateral is subject to the security interest hereunder;~~ (ii) notify the parties obligated on any of the Collateral to make payment directly to the Bank on any amounts due or to become due thereunder; (iii) enforce collection of any of the Collateral by suit or otherwise; (iv) surrender, release or exchange all or any part of the Collateral; (v) compromise or extend or renew for any period (whether or not longer than the original period) any Indebtedness; (vi) take control of any proceeds of the Collateral; and (vii) separately or concurrently with an exercise of rights hereunder, exercise such additional rights and powers, if any, with respect to any other security for or guaranty of any of the Indebtedness, as may be provided in any written instrument. (b) The Bank shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral if it takes such action as Debtor shall request in writing, but failure of the Bank to comply with any such request shall not of itself be deemed a failure to exercise reasonable care. A failure of the Bank to preserve or protect any rights with respect to the Collateral against prior parties, or to do any act with respect to preservation of the Collateral not so requested by the Debtor, shall not be deemed a failure to exercise reasonable care in the custody of the Collateral. (c) No course of dealing between the Bank and the Debtor, nor any delay or omission on the part of the Bank in exercising any right hereunder shall operate as a waiver of such right or of any other right under this Agreement. (d) No waiver, release, modification or rescission pertaining to this Agreement shall be effective unless in writing

and signed by the Bank nor shall a waiver on one occasion be construed as a waiver on any future occasion. (e) Debtor hereby constitutes and appoints the Bank Debtor's true and lawful attorney-in-fact, irrevocably to protect, preserve and realize upon the Collateral, and to endorse checks, drafts and orders received from the sale, lease or other disposition of the Collateral and apply the proceeds of any such checks, drafts or orders as hereinbefore provided. (f) The security interest granted by this Note is a continuing security interest applicable to all present and future Indebtedness. It shall continue in effect and all terms of this Agreement related to it shall continue in effect even though all or any part of the Indebtedness is paid in full and even though for a period of time Debtor and Borrower may not be indebted to Bank. (g) Upon any litigation by Bank to enforce this Agreement, Debtor waives the right to impose any setoff or counterclaim. (h) This Agreement shall be binding upon the heirs, successors and assigns of the Debtor and the Bank. It shall be interpreted and construed in accordance with the laws of New York State. (i) If more than one person or entity signs this Agreement, the obligations contained herein shall be deemed joint and several and all references to Debtor shall apply both individually and jointly.

The New York, Susquehanna and Western Railway Corporation

Name of Debtor

Signature

Date

Name of Debtor

Signature

Date

Name of Debtor

Signature

Date

Name of Debtor

Signature

Date

## SCHEDULE "A" - PROPERTY

The property to which this Agreement applies is the Debtor's property and rights described next to the box or boxes checked below. If no box is checked, it shall be conclusively presumed that Debtor intended to check the box at paragraph 9 below.

Debtor to initial each box that is checked.

- \_\_\_\_ ☐ (1) All Debtor's now owned and hereafter acquired machinery, equipment, furniture, fixtures, vehicles (whether or not titled), parts, tools and supplies, of every kind and character.
- \_\_\_\_ ☐ (2) Debtor's machinery, equipment, fixtures, vehicles, parts, tools and supplies listed in the following Schedule "B" (FILL IN SCHEDULE "B")
- \_\_\_\_ ☐ (3) All Debtor's now owned and hereafter acquired accounts (including but not limited to accounts receivable and contract rights), chattel paper, documents and instruments, including the right to receive payment under any of the foregoing.
- \_\_\_\_ ☐ (4) Debtor's rights under contracts and agreements listed on the following Schedule "C", including but not limited to the right to receive monies thereunder (FILL IN SCHEDULE "C")
- \_\_\_\_ ☐ (5) All Debtor's now owned and hereafter acquired inventory, whether held for sale or lease, and including raw materials, work in process, materials used or consumed in Debtor's business and finished goods.
- \_\_\_\_ ☐ (6) All Debtor's now owned and hereafter acquired general intangibles and other rights used or arising in the operation of Debtor's business as previously, now or hereafter constituted, including but not limited to trademarks, copyrights, copyrighted material, licenses, franchises, rights under licensing and franchising agreements, computer software programs, plans and specifications, patterns, molds, manuals and technical material and know-how of every kind and character.
- \_\_\_\_ ☐ (7) All Debtor's now owned and hereafter acquired cattle, poultry, and other livestock (including the issue thereof), crops (before and after harvesting), feed, fertilizer, farm products, farm machinery and farm equipment (whether or not attached to any building or to the land), and fixtures.

☒ (8) The following: 1958 Pullman Stand, Passenger Coach ID# SOU842

1958 Pullman Stand, Passenger Coach ID# SOU843

☐ (9) All Debtor's now owned and hereafter acquired personal property and rights, as more particularly described in paragraphs (1), (3), (5) and (6) above, which are hereby incorporated by reference.

### **SCHEDULE "B" (Machinery, Equipment, etc.)**

☐ See addendum list hereby incorporated

☐ The following:

### **SCHEDULE "C" (Contracts, etc.)**